

Angola Limited To Gems Income

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JOHANNESBURG, South Africa—With their oil revenues now denied them and hopes dwindling that they might harvest and sell the coffee grown in the war zone, Angola's Marxists seem limited to but one resource for quick cash sales abroad—diamonds.

And the civil war, which pits the Marxist Popular Movement against two anti-Soviet factions, has reduced even that prospect.

Production of gemstones from the Portuguese-owned Diamang mine in the northeastern part of the country, which is controlled by the Popular Movement, has slumped more than 50 per cent in the past year, experts here said. Diamang is Angola's only diamond producer. No specific reason was given for its decreased production.

The country's economy has been a shambles since the three factions started fighting last fall. The Popular Movement has controlled the capital, Luanda, since independence; and it had expected to receive oil revenues from Gulf Oil Corp. that had formerly been paid to the Portuguese. But Gulf, under pressure from the U.S. government, announced this week that it would hold in escrow all revenues from its operations at Cabinda, Angola, until a more stable government ruled in Luanda.

With their oil money held up, the coffee harvest threatened by war and diamond production skidding,

Angola's Marxists face the question of where to turn for cash help, and whether they and the country can sustain themselves at anything but a bare subsistence level.

"Perhaps the Russians and Cubans can give them butter as well as guns," a sardonic South African suggested.

Before the war, revenues from oil and diamonds met about 80 per cent of Angola's foreign exchange requirements. Coffee sales—Angola had been the world's fourth-largest producer—earned the former Portuguese colony about \$200 million last year.

In recent years, Angola's oil revenues totaled perhaps \$500 million annually and diamond sales brought an unknown, but sizable, amount more.